

HUMAN RIGHTS DUE DILIGENCE AND WORLD BANK FUNDING IN UZBEKISTAN'S AGRICULTURAL SECTOR

The Uzbek-German Forum for Human Rights
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Executive Summary

The World Bank Group has proposed funding three projects totaling \$460.69 million in Uzbekistan, the South Karakalpakstan Water Resources Management Improvement Project (P127764), Improving Pre-Primary and General Secondary Education Project (P144856), and the Horticulture Development Project (P133703). These projects are intended to modernize the agricultural and horticultural sectors and support early education. However, in the absence of concrete and comprehensive reforms to abolish the forced labor system in Uzbekistan, the projects could well contribute to the system of forced labor of children and adults.

The use of forced labor and coercion as integral parts of the command economy inherited from the Soviet past and still central to cotton, wheat, and silk production in Uzbekistan. Forced labor of children and adults was used on a mass scale during the 2013 cotton harvest, imposing enormous social costs, including on the education system, and thereby contributing to poverty. The Uzbek-German Forum's monitoring of the 2014 cotton season to date has already documented the use of forced labor for preparing the fields, planting, and weeding cotton.

The World Bank Group has gone to great lengths to acknowledge the problem of child and forced labor and to incorporate safeguards in the proposed projects. These safeguards will be insufficient, however, to prevent the use of child and forced labor in the project areas. Therefore, the Bank should postpone funding the three proposed projects and re-evaluate the situation in 12 months. This will allow the Bank to continue its important dialogue with the government of Uzbekistan on eliminating child and forced labor and coercion from the cotton production system, offer technical advice, and articulate concrete, meaningful, and measurable benchmarks to be met before the Bank moves forward with funding. These steps will help to ensure that the Bank's resources will not be used to support or perpetuate the forced labor system in contravention of the World Bank Group's mandate.

Introduction

The Uzbek-German Forum respectfully urges the World Bank to postpone decisions on three pending projects for Uzbekistan: the South Karakalpakstan Water Resources Management Improvement Project (P127764) (“Karakalpakstan Project”), Improving Pre-Primary and General Secondary Education Project (P144856) (“Education Project”), and the Horticulture Development Project (P133703) (“Horticulture Project”). There are significant human rights and good governance issues connected to these projects that must be addressed before the Bank moves forward with funding. Of fundamental importance is the widespread and systematic use of forced labor in agriculture in Uzbekistan, specifically in cotton, wheat, and silk production, and the risk that the Bank's resources will be used to support the forced labor system.

Child labor and forced adult labor are absolutely prohibited by international conventions to which Uzbekistan is a party as well as by Uzbek Law.¹ While International Labor Organization (ILO)

¹ Forcing a person to do work against his or her will under threat of punishment or penalty is absolutely prohibited by international law, which enshrines special protections for children. International treaties to which Uzbekistan is a party prohibit the forced labor of children and adults, including the International Convention on Civil and Political Rights (Article 8) (International Covenant on Civil and Political Rights (ICCPR), adopted December 16, 1966, G.A. Res. 2200A (XXI), 21 U.N. GAOR Supp. (No. 16) at 52, U.N. Doc. A/6316 (1966), 999 U.N.T.S. 171, entered into force March 23, 1976. (ICCPR), ratified by Uzbekistan on September 28, 1995), and two ILO conventions, the Abolition of Forced

member states develop specific lists of prohibited occupations for children or occupations that constitute the worst forms of child labor, the ILO considers agriculture one of the most dangerous sectors in which children work.² The ILO has identified specific “major health hazards in cotton cultivation that children under 18 should not be exposed to.”³

The use of forced labor is entrenched in cotton, wheat, and silk production in Uzbekistan and affects numerous other sectors such as education, medicine, local government, and private business. The use of forced labor in agriculture imposes enormous social costs across sectors and communities and affects millions of children and adults every year. Forced labor and benefitting from forced labor are crimes prohibited by international norms as well as by the laws of numerous member states of the World Bank Group.⁴ Investing in the agricultural sector brings the real risk that the World Bank Group could unintentionally support businesses that would benefit from forced labor, an illegal practice. While Uzbekistan’s irrigation systems, agricultural sector, and education system could certainly benefit from modernization, training, and additional resources, the Bank should not proceed with lending until it can be certain that its resources will not be used to perpetuate the serious human rights violations of child and forced labor, in contradiction with the Bank’s mandate and international law.

Forced Labor in Uzbekistan’s Cotton Sector

The forced labor of children and adults is widespread and systematic in Uzbekistan’s cotton sector and results from a centralized government policy.⁵ Forced labor affects over a million and up to four million people across the country and across sectors and communities every year.⁶

Labor Convention (ILO Convention No. 105 concerning Abolition of Forced Labor, adopted June 25, 1957, entered into force, January 17, 1959), and the Forced Labor Convention (ILO Convention No. 29 concerning Forced or Compulsory Labor, adopted June 28, 1930, entered into force, May 1, 1932). The UN Convention on the Rights of the Child (Convention on the Rights of the Child, G.A. res. 44/25, annex, 44 U.N. GAOR Supp. (No. 49) at 167, U.N. Doc. A/44/49 (1989), entered into force Sept. 2, 1990, acceded to by Uzbekistan December 23, 2008), the ILO Minimum Age Convention (ILO Convention No. 138 concerning Minimum Age for Admission to Employment, adopted June 26, 1973, entered into force, June 19, 1976), and ILO Convention 182 on the Worst Forms of Child Labor (ILO Convention No. 182 concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labor, adopted June 17, 1999, entered into force November 19, 2000), all ratified by Uzbekistan, generally prohibit the employment of children under the age of 18 in harmful or hazardous work. The Worst Forms of Child Labor Convention includes forced or compulsory labor as among the worst forms of child labor. Relevant laws of Uzbekistan that prohibit forced and child labor include: The Constitution of the Republic of Uzbekistan, Art. 37, available at: <http://www.gov.uz/en/constitution/>, accessed May 10, 2014, the Law on the Protection of the Rights of the Child of the Republic of Uzbekistan, Art. 10., the Labor Code of the Republic of Uzbekistan, Art. 241., the Law on the Protection of the Rights of the Child, Art. 20, the Law on the State Youth Policy Framework of the Republic of Uzbekistan, Art. 8., and the law on the protection of the rights of the child, Art. 20.

² ILO High Level Mission Report on the Monitoring of Child Labor 2013, paragraph 24, p. 7 of 78.

³ These are: 1. Musculoskeletal injuries from repetitive and forceful movements, and lifting and carrying heavy or awkward loads. 2. Poisoning and long term health problems such as respiratory problems, negative effects of pesticides on central nervous system, heart, liver, kidneys, reproductive function. Endocrine system and fast metabolism disorders, manifested abnormalities due to body-size ratio, skin burns, eye irritation, and mouth irritation from overuse of fertilizers. 3. Acute skin irritation from handling tough fibers and leaves. 4. Injuries from contact with, or entanglement in, unguarded machinery or being hit by motorized vehicles. 5. Symptoms of skin cancer and heat exhaustion due to sun exposure. ILO High Level Mission Report on the Monitoring of Child Labor 2013, Annex A, p. 21.

⁴ For more information, see Cotton Campaign appendix to letter, “Concerns About World Bank Loans to the Agriculture Sector of Uzbekistan,” May 27, 2014, available at http://www.cottoncampaign.org/wp-content/uploads/2014/05/CottonCampaign_ltr_WorldBank_May2014_Appendix.pdf, accessed June 2, 2014.

⁵ For a fuller discussion of forced labor in Uzbekistan’s cotton sector and an analysis of data from the 2013 harvest, see Forced Labor in Uzbekistan: Report on the 2013 Cotton Harvest, Uzbek-German Forum for Human Rights, June 3,

Government Control Over Cotton Production

Cotton is an export crop in Uzbekistan and is considered a strategic resource in the country.⁷ As such, cotton production policy is highly centralized and controlled at the highest levels of government. The president of Uzbekistan, Islam Karimov, establishes the national cotton policy for the country, including the volume and varieties grown, and the prime minister bears personal responsibility for agriculture, including the cotton sector, and personally conducts conference calls with local authorities throughout the country during all phases of the cotton production cycle to ensure compliance with the government's cotton production plan.⁸

Although most collective farms have been converted to “private” farms with land allocations conditioned on long-term leases since the end of the Soviet Union, cotton production is still controlled by an administrative-command system, a planned, highly centralized system where decisions around cotton production, harvesting, and sales are made by the central government and enforced by coercive means. The government exerts comprehensive control on the farmer's decision-making, inputs and access to market. It is clear that the government of Uzbekistan retains ultimate control not only over the land but also over the farmers, production process, and its output. The government establishes annual production targets for each region of the country, subject to compulsory implementation. Coercion and punitive measures are used to ensure these targets are fulfilled, rather than economic incentives.

The government also sets the rates paid to workers for harvesting, which are substantially lower than market wages. Revenues from cotton, estimated at more than \$1 billion USD⁹ annually, are concentrated in the hands of the central government, and are funneled directly to the Selkhozfond (translated as “Agrofund;” in full: the Fund for Purchasing the Agricultural Products for Public Purposes). The Selkhozfond is an opaque and unaccountable extra-budgetary fund of the Ministry of Finance. Thus, the Ministry of Finance, which would be the recipient of World Bank lending, bears responsibility for cotton revenues, which are not used in a transparent and accountable way for public purposes, but remain in the sole and direct control of a narrow government elite.¹⁰

2014, <http://uzbekgermanforum.org/wp-content/uploads/2014/06/Forced-Labor-in-Uzbekistan-Report-2013.pdf>, accessed June 3, 2014.

⁶ Exact figures are unavailable, yet most estimates put the number at well over a million people. A calculation based on the labor demand for Uzbekistan's cotton yield and taking into account the rotating shifts of 10-15 days worked by many adults, estimates that in excess of 4.6 million people participate in Uzbekistan's cotton harvest. Uzbekistan's Cotton Sector: Financial Flows and Distribution of Resources, Appendix 5, p. 61. Open Society Institute, presented at the Cotton Campaign Annual Meeting, May 2, 2014, Washington, D.C. A copy of the paper is on file with the Uzbek-German Forum and publication is forthcoming.

⁷ For more information on cotton and the financial system of cotton production, see: Uzbekistan's Cotton Sector: Financial Flows and Distribution of Resources, Open Society Institute, presented at the Cotton Campaign Annual Meeting, May 2, 2014, Washington, D.C. A copy of the paper is on file with the Uzbek-German Forum and publication is forthcoming.

⁸ Ibid.

⁹ Ibid. The most recent estimates calculated according to world market prices for cotton amount to \$1.8 billion USD. The official congratulatory note of the President Islam Karimov on the fulfillment of the state cotton plan in 2013 cites revenues of \$1.4 billion USD. See <http://www.12news.uz/news/2013/10/25/в-узбекистане-валовой-доход-от-хлопка/>, accessed June 7, 2014.

¹⁰ Uzbekistan's Cotton Sector: Financial Flows and Distribution of Resources, Executive Summary.

Forced Labor of Farmers

The government controls every aspect of the production, processing, sale, and export of raw cotton and cotton fiber. Forced labor is an inherent component of the cotton production system in Uzbekistan, not just for picking cotton and preparatory fieldwork such as sowing and weeding, but also for farmers.¹¹ Farmers are subjected to coercion to grow cotton. The government dictates what varieties of cotton they must plant. State-controlled monopolies sell all inputs required for cotton production, including seeds, fertilizers and agro-chemicals, machinery, agricultural services, and fuel, to farmers at monopoly prices. Farmers must sell their cotton to the government-monopoly processors, at the government-established procurement price, which is lower than the world market. Farmers often incur significant debt to produce cotton, do not control their credit, and payments to farmers are often made with significant delays and only after all creditors have been paid.¹²

Farmers who fail to meet their quotas are subjected to a range of sanctions—economic, administrative, and even criminal prosecution.¹³ Numerous farmers told the Uzbek-German Forum that they risked losing their land if they did not meet the production quota.¹⁴ The Uzbek-German Forum documented cases of farmers whose land was confiscated and cases of criminal charges brought against farmers for failing to fulfill the cotton production quotas.¹⁵ Local hokims [the heads of local administrative units] risk losing their seats if their regions fail to meet the targets.

Child and Forced Labor in Cotton Production

Forced labor is an entrenched component of the current cotton production system in Uzbekistan, affecting well over a million children and adults during the harvest season every year.¹⁶ The Uzbek-German Forum's research from spring 2014 also indicates that forced labor is also already being widely used in the 2014 cotton season, to prepare fields, plant cotton, and weed. Research by the Uzbek-German Forum during the 2013 cotton harvest documented the widespread and systematic use of forced labor. This research found that children and adults were mobilized across the country on a mass scale and forced to harvest cotton. In some cases people were forced to provide other services to support the harvest, such as machinery repair work, or were forced to contribute money to cover food, housing, transportation, and other costs for cotton workers. In some cases people were permitted to hire a day laborer at their own expense to harvest cotton in their place. People who attempted to refuse to work faced serious consequences such as loss of employment, social payments, utilities, or criminal prosecution.

Until recently, the government mobilized schoolchildren aged 11-15 on a mass scale to work in the cotton fields during the harvest. Schools were partially empty throughout much of the country as

¹¹ Forced labor is an issue for cotton farmers, and in other sectors of the economy in Uzbekistan as well. Many respondents told the Uzbek-German Forum that they are regularly required to do forced, unpaid labor such as cleaning the streets, planting flowers, or guarding construction sites. For more information about forced labor in silk production, please see: *Uzbeks Toil to Keep Silk Industry's Traditions Alive*, Farangis Najibullah and Sadriddin Ashurov, March 12, 2013, available at: <http://www.rferl.org/content/uzbekistan-silk-industry/24926469.html>, accessed May 8, 2014.

¹² Ibid.

¹³ Ibid.

¹⁴ Interview with farmer in Andijan region, November 17, 2013.

¹⁵ Uzbek-German Forum for Human Rights and Cotton Campaign, "A Systemic Problem: State-Sponsored Forced Labor in Uzbekistan's Cotton Sector Continues in 2012," 2013, pages 10-12, http://www.cottoncampaign.org/wp-content/uploads/2013/07/SystemicProblem-ForcedLabour_Uzbekistan_Cotton_Continues.pdf, accessed June 5, 2014.

¹⁶ Cite calculations from financial flows doc that out this number at 4 million because more people mobilized for shorter rotations.

pupils from the fifth grade and older and teachers harvested cotton.¹⁷ Due to sustained pressure from local and international organizations and foreign governments over many years, in 2012 the Uzbek government appeared to shift the demographics of its forced labor policies.¹⁸ Beginning with the 2012 harvest the government of Uzbekistan adopted a policy not to mobilize children younger than 16 on a mass scale.¹⁹ However this shift did not mark a fundamental move away from the use of forced labor. The administrative-command economy and the coercive nature of the cotton production system did not change. Instead, the government appears to have moved the labor burden to secondary students aged 16-18, university students, and employees of state-funded organizations and agencies, and private businesses, who were mobilized in greater numbers.

Numerous people told the Uzbek-German Forum that they were forced to pick cotton for periods ranging from 40-55 days, the entire or majority of the harvest with no days off, although some worked for shorter periods, for example several rotating shifts of 10 days, or only on weekends. During the peak of the season, officials imposed a daily picking quota on workers of 50-80 kilograms per day. The quota amounts decreased as the season progressed and the amount of cotton left to be picked decreased, although many workers told the Uzbek-German Forum that authorities often imposed unrealistic quotas, especially toward the end of the harvest. Workers who failed to meet the quota were often subject to public humiliation and threats, and, in some cases, punishments such as extra work, difficult physical exercises, or physical violence. Adult workers also had money subtracted from their pay or had to pay for cotton they failed to pick.

Cotton pickers were forcibly recruited from state-funded agencies and institutions, including students at colleges and lyceums, university students, local administration officials, medical workers, teachers from schools at all levels, staff at all types of public agencies and service providers such as local water departments or departments of health. In most cases, these agencies and institutions continued to function, albeit at reduced levels, with the remaining staff forced to take on extra work to compensate for the absence of their colleagues who were working at the harvest. In general employees did not receive any additional pay or time off in compensation for their extra work during the harvest period.

¹⁷ See the reports published on the 2008 and 2009 harvests produced by the Centre of Contemporary Central Asia and the Caucasus, School of Oriental and African Studies (<http://www.soas.ac.uk/cccac/centres-publications/>).

¹⁸ In 2005 the ILO supervisory bodies began to consistently express concern for the use of forced labor of children and adults in cotton production in Uzbekistan. In 2008 the U.S. Department of Labor investigated forced child labor in cotton production in Uzbekistan and added cotton from Uzbekistan to the list of goods made by forced child labor in 2009. The Uzbek government ratified international conventions on child labor in 2008 and 2009. In December 2011, the European Parliament voted 603 to 8 not to extend the EU-Uzbekistan Partnership and Cooperation Agreement to trade in cotton and textiles, and in January 2012 the United States Trade Representative reviewed the Generalized System of Trade Preferences for Uzbekistan. The Uzbek government met with the ILO in Tashkent in March 2012. In October 2012, the French National Contact Point of the OECD issued guidance to multinational enterprises not to trade Uzbek cotton, and in June 2013 the U.S. government placed Uzbekistan in Tier 3 of the 2013 Trafficking in Persons Report. In July 2013 the Uzbek government agreed to allow ILO monitors to observe the cotton harvest, albeit under restricted terms. From September to November 2013, the South Korean Human Rights Commission investigated companies operating in Uzbekistan; the U.S. government applied the Tariff Act by holding shipments of cotton from Uzbekistan; and the World Bank Inspection Panel reported that the World Bank's project in the agriculture sector in Uzbekistan was plausibly linked to forced labor. In April 2014 the Uzbek Government signed a Decent Work Country Program, yet continues to deny its use of forced labor.

¹⁹ "A Systemic Problem: State-Sponsored Forced Labor in Uzbekistan's Cotton Sector Continues in 2012," Uzbek-German Forum and Cotton Campaign, May 2013, available at: http://uzbekgermanforum.org/wp-content/uploads/2013/07/SystemicProblem-ForcedLabour_Uzbekistan_Cotton_Continues.pdf, accessed May 16, 2014.

The forced mobilization of employees of businesses and state-funded agencies and organizations imposed enormous social costs across many sectors and communities in Uzbekistan. Many people interviewed by the Uzbek-German Forum during the 2013 harvest recounted the negative effect of the forced mobilization of labor in the sectors in which they worked. State-funded agencies and organizations were not able to provide the same level of goods or services during the two months of the harvest because so many employees were working at the cotton harvest instead of their regular places of employment. Many individuals who hired replacement laborers incurred significant expenses. Some institutions, such as medical clinics and hospitals, were unable to provide vital services at usual levels during the cotton harvest. School children through age 15 experienced significant disruptions in their studies since many teachers and staff were absent for shifts of 10 days at a time, leaving schools severely understaffed. Colleges and lyceums either suspended classes entirely during the harvest period or held classes sporadically (for example during periods of bad weather when cotton picking was delayed) or only for first-year students. Although some students evaded working the harvest due to medical exemptions, parental interventions, or other reasons, they also did not have classes during the harvest period.

Supplies of electricity and water were cut off or reduced to some cities and towns either intermittently or for the duration of the harvest period as resources were diverted to supply the harvest. In many cities and towns across Uzbekistan markets were closed during the period of the cotton harvest. Many businesses experienced a drop in productivity and income during the harvest period because their workers were forcibly mobilized or because authorities did not permit them to operate. Small business owners complained that they had fewer or no customers during the harvest period. One worker said that during the harvest period the city empties out: “The bazaars are closed, all the shops are closed, there is no one at the bazaar. The bars and teahouses are closed. If you want to sit at home, there is no electricity, or the gas is cut off. There are few people on the streets. It’s all quiet. Everyone is at the harvest.”²⁰

Child Labor

Students studying at colleges and lyceums across Uzbekistan, including children aged 16-17, continue to be forcibly mobilized on a mass scale to harvest cotton for periods of up to two and a half months each autumn. In 2013, the Uzbek-German Forum interviewed 44 students and instructors at colleges and lyceums in Tashkent and six regions of Uzbekistan. All students and instructors interviewed by the Uzbek-German Forum noted that the cotton harvest negatively affected education because students were forced to miss so many weeks of classes. As one student succinctly put it: “think about it, if you’re in the fields for two months there is no choice except to cut curriculum. Of course they cut it.”²¹ Another student noted, “After our return the burden increases. At the harvest we get physically tired and then at our studies we get mentally tired. It is very difficult to learn material that we weren’t taught [because we were at the harvest]. In one lesson they cover two or three units [to make up time] and it is very difficult to understand and remember everything.”²²

In some cases local officials or academic administrators forced parents to sign letters granting “permission” for their children to be sent to work at the cotton harvest. In other cases, parents were

²⁰ Interview with a resident, Syrdarya region, November 18, 2013.

²¹ Interview with student in Syrdarya region, November 15, 2013.

²² Interview with a student in Andijan region, November 20, 2013.

told that harvesting cotton was one of the conditions of acceptance at the institution. Some students did manage to evade the harvest by presenting medical excuses, hiding during mobilization, or making payments in lieu of harvesting. Students told the Uzbek-German Forum that those who did not want to work during the harvest usually paid between 300,000-600,000 soum (approximately \$100-\$200 USD) to teachers or academic officials but that they did not know what the money was used for.

Local authorities and school officials harassed and intimidated families that did not want to allow their children to pick cotton, including threats to expel students or impose other academic consequences. In many cases local police came to families' homes to force students to go to the harvest. Children who were perceived to be bad workers or who failed to meet the daily quotas were berated by teachers, threatened with poor grades or expulsion, and made to perform additional work, such as scrubbing toilets or peeling potatoes. The Uzbek-German Forum documented several cases where students who failed to pick the daily quota were punished by being forced to perform arduous physical activities such as push-ups or running. Researchers also documented at least ten cases of students being hit or beaten to force them to work or as punishment for failure to meet the quota.

Forced Labor and Poverty

As noted throughout this report, the forced labor system in Uzbekistan has devastating financial and social effects on farmers, workers, businesses, and public institutions. According to one estimate, the forced labor system imposes social costs including lost wages, decreased productivity, and lost services, amounting to \$211 million USD annually on the population.²³ The state-order system of cotton production and the use of forced labor not only contribute to the impoverishment of farmers but to direct financial and other costs on the population and key public institutions. The Bank must ensure that its resources do not contribute to or support this system in violation of the Bank's mandate and specifically the mandate of the IDA.

The monopoly-driven, coercion-based cotton production system in Uzbekistan undermines the autonomy of farmers, prevents them from making a sustainable livelihood, and keeps them at constant risk of losing their land or facing other sanctions if they fail to meet production quotas. Even if the government of Uzbekistan agrees to free farmers in the project area from production quotas, they will still be subject to the government-controlled monopoly chain for input supplies and output procurement. Many farmers end the cotton production season with little profit or further indebted and only survive financially by growing additional crops on small plots of land.

Although the project has the potential to raise the incomes of specific farmers in the project area by bringing new land under cultivation and increasing productivity, the forced labor system itself contributes to poverty in Uzbekistan, and supporting or perpetuating this system would be in violation of the Bank's mandate.

Critical public services such as medical care and education are crippled during the cotton harvest when medical and other public workers are forcibly mobilized to harvest cotton. Hundreds of thousands of individuals are forced to pay bribes or pay for replacement workers to avoid being forcibly recruited to work during the harvest, in effect subsidizing the state's cost for the harvest but reaping none its benefits. These payments impose an enormous burden on household budgets.

²³ Uzbekistan's Cotton Sector: Financial Flows and Distribution of Resources, p. 44.

Business owners also make payments to the state during the harvest to cover the costs of food, transportation, and housing for workers forced to harvest cotton. Businesses also suffer from reduced productivity and reduced demand when they lose workers and customers to the harvest.

Complaint Regarding RESP-II and the Inspection Panel’s Report

Ezgulik, the only registered independent human rights organization operating in Uzbekistan, raised sustained concern with the World Bank over child and forced labor in Uzbekistan and over the Bank’s projects in Uzbekistan. From 2010-2013, Ezgulik engaged with the Bank on multiple occasions, in meetings and in writing, including preparing detailed materials regarding the Bank’s Rural Enterprise Support Program Phase II and its additional financing (RESP-II). In September 2013 Ezgulik, joined by the Uzbek-German Forum for Human Rights, and the Association for Human Rights in Central Asia filed a formal complaint to the Bank’s Inspection Panel, underscoring that RESP-II resources were contributing to forced labor in the cotton sector rather than “supporting newly independent farmers.”²⁴ Further, the complaint provided evidence that the cotton production system, including irrigation, is a patronage system based on coercion and structured to ensure the loyalty of local and regional authorities to the central government.

The Inspection Panel issued an eligibility report on December 9, 2013 stating that the “harms as described above can indeed be described as serious,” and finding “a plausible link between the project and these alleged harms....”²⁵

Final consideration of the Inspection Panel’s report is still pending, and the Panel recommended a 12-month waiting period to determine whether a full investigation is warranted.²⁶ However, given the Panel’s finding that a link exists between the Bank’s funding to the agricultural sector and perpetuation of serious human rights violations, it is deeply troubling that the Bank has already proceeded to the appraisal stage with much bigger loans for the agricultural and education sectors in Uzbekistan. The same problems that plague the RESP-II project are at issue in the projects under consideration and thus, if the Bank proceeds, it would be at serious risk of supporting a system in which its own Inspection Panel found causes serious harms. Before embarking on further loans, it would be critical to know the results of the Third-Party Monitoring of child and forced labor required by RESP-II, what remedial actions are proposed, and how the composition, mandate, and activities of the monitoring should be changed to strengthen monitoring of future projects, such as those under discussion here.

²⁴ See bank Information Center, Uzbekistan Rural Enterprise Support Project, <http://www.bicusa.org/feature/uzbekistan-rural-enterprise-support-project/>, accessed June 2, 2014.

²⁵ ²⁵ Inspection Panel Report No. 83254, Report and Recommendation, Republic of Uzbekistan: Second Rural Enterprise Support Project (P109126) and Additional Financing for Second Rural Enterprise Support Project (P126962), December 9, 2013, paragraph 70. Available at: http://siteresources.worldbank.org/EXTINSPECTIONPANEL/Resources/PanelReport_Uzbekistan_SRESP_Dec9_2013.pdf, accessed June 3, 2014.

²⁶ Inspection Panel Report, paragraph 104.

South Karakalpakstan Water Resources Management Improvement Project

The Uzbek-German Forum would like to raise several concerns with the Karakalpakstan Project and safeguards as proposed. First, the main source of funding for the project is the International Development Association (IDA), which would allocate \$242 million of the \$260 million of the proposed loan, with remaining \$18 million coming from the International Bank for Reconstruction and Development. In Uzbekistan, the coercion-based administrative command system of cotton, wheat, and silk cocoon production that relies on the forced labor of farmers and other workers, exacerbates poverty in the country. Low government procurement prices, systematic human and labor rights abuses, and the enormous cost to basic social services including health care and education due to the forced mobilization of public sector workers all contribute to inequality, poverty, and poor living conditions. Supporting or perpetuating the forced labor system through the use of IDA funds could contradict the IDA's aim to "boost economic growth, reduce inequalities, and improve people's living conditions."²⁷

Next, the Bank's appraisal safeguards document acknowledges the importance of the issue of forced labor in Uzbekistan but the measures it proposes to address it are deeply inadequate.²⁸ The Bank appears to suggest that diversification of agriculture away from the cotton monoculture and increased mechanization of cotton farming will reduce the need for forced labor. However, these proposals fail to address the underlying causes of forced labor, which are rooted in Uzbekistan's coercion-based command economy and the opaque and unaccountable distribution of cotton export revenues and resources in the cotton production system.

Eliminating forced labor in Uzbekistan will require structural reform of the agricultural sector. Reforming the sector from an administrative command system that relies on coercion and forced labor in which the power of state agencies from local and regional administrations to the police and prosecutors is used to coerce production to one based on economic incentives will help to reduce the reliance on forced labor. Political will on the part of the government of Uzbekistan is required to make this fundamental shift, as well as increased transparency and accountability over revenues from cotton production, which are currently funneled directly into an extra-budgetary fund with no public oversight.

Modernization of Irrigation

The Karakalpakstan Project's safeguards document fails to address issues raised in the complaint to the Inspection Panel regarding RESP-II that the irrigation system is a key component of the patronage system inherent in Uzbekistan's cotton sector. As noted by Ezgulik, technical investment under RESP-I failed to bring about institutional reforms.²⁹ Further, the proposed modernization work raises serious issues around community consultation, including with the Karakalpak minority, and involuntary resettlement necessitated by the project.

²⁷ "What is IDA," <http://www.worldbank.org/ida/what-is-ida.html>, accessed June 3, 2014.

²⁸ Integrated Safeguards Data Sheet, Appraisal Stage, Public Disclosure Copy, Report No.: ISDSA8880, Prepared/Updated May 19, 2014, http://www-wds.worldbank.org/external/default/WDSCContentServer/WDSP/ECA/2014/05/20/090224b082486aea/3_0/Rendere d/PDF/Integrated0Saf0MPROVEMENT000P127764.pdf. Accessed May 29, 2014.

²⁹ Open Letter to the Vice-President of the World Bank, Ezgulik, June 3, 2013. A copy of the letter is on file with the Uzbek-German Forum for Human Rights.

Community Consultation

The Uzbek-German Forum strongly suggests that the World Bank conduct outreach with representatives of the Karakalpak minority and independent civil society groups representing them. It is vital that the Bank take steps to ensure the proposed Karakalpakstan Project has community support, including from the minority population. In the context of Uzbekistan the authoritarian government precludes people's participation in decision making even at the lowest levels it is crucial to establish dialogue and solicit the input of representatives of independent civil society groups, experts, and farmers. It is especially important that individuals and groups seeking to provide input, feedback, or register grievances be allowed to do so without suffering persecution or repercussions.

Resettlement

Finally, the safeguards document notes that initially 83 properties will be subject to involuntary resettlement in connection with the Karakalpakstan Project's development of Buston Canal, with additional properties affected in the third year of the program.³⁰ The Uzbek-German Forum urges the Bank to ensure that affected owners are resettled in accordance with international standards, including being provided adequate compensation. The World Bank should ensure that the government of Uzbekistan provides people who will lose their land for the development of Buston Canal clear and timely information about when expropriations will occur, as well as their compensation and resettlement options to eliminate uncertainty. Compensation and resettlement packages should consider the property's potential to generate income as well as its sale value. Owners whose livelihoods depend on their property should receive other means of support or assistance in their compensation packages. Affected property owners should also be informed of an accessible and affordable appealing decisions related to expropriation, resettlement, and compensation.³¹

Modernization of Agriculture

According to the World Bank, the project is intended to “strengthen capacities, promote crop intensification and diversification, invest in cotton harvest mechanization, and conduct outreach and information dissemination. All training under this component will be conducted in an iterative manner, including needs assessment, implementation and feedback/evaluation.”³²

The Uzbek-German Forum conducted numerous interviews with farmers in 2011 and 2012 and found that many of them would welcome the ability to use their land to cultivate crops other than cotton or wheat, such as onions or melons, which are less resource-intensive to cultivate, not subject to compulsory quotas, and generate more profit. Farmers reported to the Uzbek-German Forum that the key impediment to diversification is mandatory cotton production quotas, not international investment. This suggests that the government of Uzbekistan should release farmers from mandatory cotton cultivation prior to the Bank's loans to demonstrate a commitment both to diversification and ending the forced cotton production system.

³⁰ Integrated Safeguards Data Sheet, Appraisal Stage, Public Disclosure Copy, Report No.: ISDSA8880, p. 5.

³¹ In Uzbekistan numerous examples exist of involuntary resettlements occurring in violation of these standards. See for example: “500 Families in Tashkent Made Homeless,” Uznews, June 2, 2014, <http://www.uznews.net/en/society/26541-500-families-in-tashkent-made-homeless>, accessed June 7, 2014, or “Protesting the Khomimiat,” Uznews, December 20, 2013, <http://www.uznews.net/en/politics/24724-jizzah-prottesting-the-khokimiat>, accessed June 7, 2014.

³² Integrated Safeguards Data Sheet, Appraisal Stage, Public Disclosure Copy, Report No.: ISDSA8880, p. 2.

RESP-I and RESP-II also included components aimed at diversification but there is insufficient evidence that those projects achieved their aims and that funds were not used to support cotton production. The Inspection Panel report quotes the Bank's Management acknowledgement that despite mitigation measures and binding loan covenants, "a residual risk remains that participating farmers may become subject to labor deployments in connection with the cotton harvest and that equipment (namely tractors and tillers) financed under the credit line may potentially be used in cotton production."³³ Before proceeding with significant new funding, the Bank should evaluate the success of RESP-I and RESP-II's diversification components and incorporate safeguards to ensure that funds are not used to support the cotton sector.

Mechanization

The Karakalpakstan Project's safeguards fail to recognize that in current pricing conditions, farmers are unable to pay for machinery and maintenance and will likely incur significant debts. Agricultural machinery, fuel, and repair services are only available to farmers through government-controlled monopolies and at monopoly prices. In the current system of financing cotton production, farmers already incur significant debts to suppliers. The Bank needs to make explicit how it would address the financing and maintenance issues connected to mechanization to ensure that it does not increase farmers' debt burden before government suppliers.

Mechanization may, in principle, reduce the scale of manual work, but not forced labor. The latter is an integral part of the system of relationships between the state and society, between the government and the farmers, established by the command economy and the use of coercion. Fundamental changes to this system are required to eliminate the use of forced labor. First, farmers must be freed from the compulsory quota system, including the requirement to cultivate cotton or other crops, and markets around the farming sectors must be de-monopolized to allow farmers to generate profits. To impose machinery upon farmers in the absence of these deeper reforms could cause farmers to end up indebted to the lenders and lease suppliers and exacerbate existing problems.

Public Awareness

Notably, the Karakalpakstan Project "will support the development and carrying out of communications strategies and public awareness raising campaigns on project-related data and information, including on the issues relating to child and/or forced labor."³⁴ This component fails utterly to address the root causes of forced and child labor in Uzbekistan. There is widespread recognition in Uzbekistan that forced mobilization of child and adult workers for cotton work amounts to forced labor and constitutes a rights violation. There is also widespread recognition that the cotton sector is controlled by a government intent on using coercion to reap cotton revenues. Research by the Uzbek-German Forum on the 2013 cotton harvest found that affected communities in Uzbekistan including farmers, children, parents, public employees, business owners, and academic officials all recognized that forced labor is a problem but felt powerless to combat it in the face of government coercion and punitive measures. It is in this context that the World Bank must undertake safeguard measures to combat the use of child and forced labor and the primary target must be the government of Uzbekistan.

³³ Inspection Panel Report, paragraph 76.

³⁴ Integrated Safeguards Data Sheet, Appraisal Stage, Public Disclosure Copy, Report No.: ISDSA8880, p. 11.

Project Management, Monitoring, and Evaluation

Covenants Prohibiting the Use of Forced Labor and the Imposition of Quotas

The Uzbek-German Forum welcomes the Bank's recognition of the problem of child and forced labor in the project documents. The Bank has gone to significant lengths to incorporate safeguards prohibiting child and forced labor in the project. The project documents include binding covenants in the Financing Agreement prohibiting child and forced labor in the project area and requiring farmers in the project area be exempted from the state procurement system including cotton production quotas. The project calls for a land use strategy that eliminates the incentives to use child or forced labor and also makes the claim that several of the project's objectives, namely diversification and mechanization, will help combat the problem of child and forced labor by reducing the incentives for its use. Such covenants and strategies represent an important first step at incorporating human rights due diligence into World Bank lending. However, these covenants do not go far enough to protect against the risk that state-sponsored child or forced labor could occur in the project area and that World Bank resources could be used to support it.

First, the Bank itself acknowledges that 36,000 hectares of the project area are currently planted in cotton and thus will almost certainly see the use of forced labor for the harvest. The covenant pledges that the Uzbek government will exempt farmers from the project area from quotas, but it will not be feasible for them to move completely away from the state order system of cotton production immediately. Whatever cotton farmers raise they will be required to sell to the state at the artificially low government procurement prices that make it impossible for them to pay market rates for labor. The result will be that they will either have to employ forced labor – a violation of the covenant – or go massively into debt.

If the Third-Party Monitoring mechanism (see more, below) is truly independent and allowed to conduct unfettered inspections during the harvest season, it is highly likely that the monitoring would detect the use of child or forced labor in the project area, a violation of the covenant. In such a case, according to the Bank's own provisions, the Bank would be required to cancel the financing and receive repayment from the government of Uzbekistan. If the Bank does not follow through on these terms, it will send a clear signal to the government of Uzbekistan that the Bank does not view the issue of forced labor as sufficiently serious as to interfere with planned projects and undermining any further efforts to eradicate child and forced labor in Uzbekistan.

The safeguard measures the Bank proposes truly represent an important development in the Bank's broader efforts to ensure that its resources are not used to support human rights violations. In another context, these measures might well be sufficient. In Uzbekistan, however, the measures proposed fail to address sufficiently the underlying causes of forced and child labor: the command economy and the coercive and punitive means used to enforce the quota system. In addition, the entire system of financing cotton production and allocating revenues has resulted in a corrupt patronage system that directly benefits a narrow circle of government officials and government-controlled monopoly companies. The fundamental structural changes to the system required to eradicate the use of forced labor will mean direct financial loss to these individuals and organizations, creating powerful incentives to maintain the status quo.

In light of this, we urge you to postpone approval of funding, continue your important dialogue with the government of Uzbekistan on the eradication of child and forced labor, and re-evaluate the

situation in 12 months. The Bank should continue to offer technical advice to the government and should articulate concrete benchmarks for the government to meet in order to re-start the project approval process.

Third-Party Monitoring

The document notes the use of Third Party Monitoring focused on forced and child labor in connection with project activities or within the project area during the cotton harvest season. While careful monitoring is surely an essential component of any project in Uzbekistan, to be effective, the monitoring must truly be independent, have unfettered access to farms, public institutions such as colleges, lyceums, schools, government administration buildings, and hospitals. Monitors should not be accompanied by representatives of government agencies or institutions, including quasi-governmental or government-controlled organizations. Monitors should have meaningful and regular contact with independent civil society organizations as well as a public input mechanism that is confidential and safe. In particular, the Bank and any Third-Party monitors must be aware of the fact that the government could attempt to undermine monitoring or take steps to obscure the use of child and forced labor as it did during the ILO's monitoring mission to Uzbekistan during the 2014 harvest.

While Third-Party Monitoring can be used effectively to prevent or resolve problems, Third-Party Monitoring cannot be used as an effective guarantee against human rights violations unless the government Uzbekistan proves its willingness to be a good faith partner in monitoring efforts and to allow unfettered, independent monitoring. Its track record is one of non-cooperation and interference with independent monitoring.

- The government of Uzbekistan has one of the worst track records of non-compliance with UN mechanisms in the world. It has denied access to at least 11 independent monitors,³⁵ and persistently dismissed or failed to comply with recommendations made by the UN Human Rights Council to address serious human rights abuses in Uzbekistan.
- The government of Uzbekistan has persistently refused to allow an independent investigation into the Andijan massacre of May 13, 2005 in which government forces fired at thousands of mostly unarmed demonstrators, killing hundreds, despite the strong recommendation to do so by nearly all Uzbekistan's bilateral partners and multilateral institutions of which it is a member.
- Significantly, the government of Uzbekistan actively undermined independent monitoring by the ILO, by ensuring that representatives of governmental agencies or quasi-governmental organizations were on all monitoring teams and by taking efforts to conceal information about child and forced labor from ILO monitoring teams. These efforts included transferring students, in particular first-year students, back and forth between their classrooms and the cotton fields to evade discovery by ILO monitors and instructing people

³⁵ They are the United Nations special rapporteurs on torture and other cruel, degrading, or inhuman treatment, on the situation of human rights defenders, on freedom of religion or belief, on violence against women, on the independence of judges and lawyers, on extrajudicial, summary, or arbitrary executions, on contemporary forms of slavery, on freedom of association and assembly, and on cultural rights, as well as the working groups on arbitrary detention, and on enforced or involuntary disappearances.

to lie to monitors.³⁶ These practices indicate that the government of Uzbekistan did not participate in the ILO mission as a good faith partner.

According to the project's appraisal document, the proposed Third-Party Monitoring consultant will work closely with civil society organizations. To be effective, the civil society organizations must be truly independent and not quasi-governmental or government-controlled. The government of Uzbekistan has a long history of harassing, persecuting, and imprisoning independent civil society activists, journalists, and others working to promote transparency and accountability, and has denied registration to all independent human rights groups except for one. At least 28 human rights defenders, independent political and civil society activists, and journalists are in prison for no reason except carrying out their legitimate and peaceful work, and numerous others have fled Uzbekistan to escape persecution. Independent journalists, whose work would help ensure transparency and accountability, are not allowed to operate in Uzbekistan. No major international media outlets have representatives in Uzbekistan and several prominent journalists in Karakalpakstan, such as Solijon Abdurakhmanov, are in prison.³⁷

In 2013, the government continued to harass, threaten, intimidate, and detain activists and journalists who attempted to research or report on cotton production in Uzbekistan. In one example, independent journalist Sergei Naumov, who was gathering information for an article on the cotton season, was arrested on trumped up charges of hooliganism and held incommunicado for 12 days during September 2013, a peak period of the harvest, preventing him from conducting his research.³⁸ Also in September, the authorities arrested Utkam Paradaev, a human rights activist who reports on abuses such as torture and forced labor, and who was planning to monitor the harvest. Police beat Paradaev during his arrest and kept him in custody for a 15-day administrative sentence for hooliganism and resisting arrest. Paradaev believes that the arrest was to prevent his human rights work in connection with the cotton harvest.³⁹

Improving Pre-primary and General Secondary Education Project

The Bank's project documents for the proposed Education Project note the adverse environmental and socioeconomic impacts of Uzbekistan's cotton sector and also acknowledges that children and adults are "reportedly" forced to pick cotton.⁴⁰ However, the Bank's review of the sectoral and institutional context does not describe the detrimental effect of the forced labor system on education and the way in which forced labor undermines education and imposes direct financial and professional costs on teachers. Before the Bank proceeds with loans to Uzbekistan to improve

³⁶ See Forced Labor in Uzbekistan: Report on the 2013 Cotton Harvest, Uzbek-German Forum for Human Rights.

³⁷ Uzbekistan's Imprisoned Human Rights Defenders, Human Rights Watch, May 13, 2011, <http://www.hrw.org/news/2011/05/12/uzbekistans-imprisoned-human-rights-defenders>, accessed June 3, 2014.

³⁸ Naumov was charged with violating article 183 of the Administrative Code of Uzbekistan, a misdemeanor. For more information, see: <https://cpj.org/2013/09/uzbek-journalist-jailed-on-hooliganism-charges.php#more>, accessed May 16, 2014.

³⁹ Human Rights Watch World Report 2014, Uzbekistan, available at: <http://www.hrw.org/world-report/2013/country-chapters/uzbekistan?page=2>, accessed May 9, 2014.

⁴⁰ Project Information Document, Public Disclosure Copy, Report No.: PIDA1161, Prepared/Updated October 22, 2013, p. 2., http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/ECA/2013/10/23/090224b081fcd2/1_0/Rendered/PDF/Project0Inform0on0Project000P144856.pdf, accessed May 29, 2014.

the education system, the government should demonstrate its commitment to education by ending the practice of exploiting the education system for cotton production to enrich the elite.

Forced Mobilization of Teachers and Disruption to Education

Teachers are mobilized on a mass scale across the country to plant and weed cotton in the spring and to pick cotton in the autumn. The forced labor of teachers causes major disruptions in education. Even when young children are not forcibly mobilized to work on a mass scale as in the harvests of 2012 and 2013, the burden on teachers is greater than ever.⁴¹ In 2013, the Uzbek-German Forum interviewed more than 25 secondary school teachers in six regions across Uzbekistan and in the capital, Tashkent. All teachers interviewed reported that they and other teachers in their schools were forced to harvest cotton, usually in rotating shifts of 10-15 days at a time, with no days off. By the end of the season, most teachers worked at least three shifts as well as worked additional days on the weekends or were forcibly mobilized for single days of work toward the end of the harvest. The forced mobilization of teachers left schools across the country severely understaffed, with an obvious detrimental effect on the quality of education for the entire duration of the cotton harvest, which lasted for two and a half months, from early September to mid-November.⁴²

The teachers not picking cotton bore responsibility for their own work and the work of the colleagues away at the harvest. Teachers reported dealing with the additional burden in various ways: having double the number of pupils in class at a time; taking classes in shifts, thus reducing the number of class hours for each pupil; or running back and forth between classes and attempting to teach two classrooms simultaneously. This caused serious disruptions for pupils in terms of the quantity and quality of class time as well as over-burdened teachers.

In April 2014 planting began for the current cotton season, and teachers across the country were again taken away from their classrooms to work in the cotton fields. During the spring planting, teachers and other employees of state-funded institutions, such as hospitals and medical clinics, were made to gather each morning at local hokimiyats, to be transported to the cotton fields. They received no payment for this work and were required to provide their own food and water. According to the teachers interviewed by the Uzbek-German Forum during the spring planting, authorities' dissatisfaction or rejection of fieldwork performed by teachers could result in immediate dismissal from their teaching jobs.

Teachers also bear a significant financial burden because of the cotton system. Teachers who did not want to pick cotton in 2013 were forced to hire replacement laborers at their own expense, usually at a cost of approximately 15,000 soum per day (approximately \$5.50 USD). An average teacher's salary is only between \$80-\$200/month. In addition, in schools that could not meet their cotton harvesting quotas teachers were forced to contribute money to buy additional cotton to fulfill the

⁴¹ While the government has reduced the use of children to pick cotton in recent years, the problem of child labor persists in Uzbekistan. Prior to 2012 schoolchildren across the country from 5th grade (age 10) and up were forcibly mobilized on a mass scale to pick cotton. In 2012 the government of Uzbekistan took steps to reduce or eliminate the systematic use of schoolchildren in the cotton harvest, although it continued the forced mobilization of children studying at colleges and lyceums aged 16-17. In 2013 the Uzbek-German Forum continued to document cases of schoolchildren from the 7th-9th grades (aged 12-14) picking cotton during school, but these were not on a mass or systematic scale.

⁴² Officially, the harvest lasted until October 25, when the prime minister officially declared it over, but respondents throughout Uzbekistan told the Uzbek-German Forum that workers stayed at the harvest until early or mid-November.

quota. A teacher in Akhangaran told Ozodlik, the Uzbek service of Radio Free Europe/Radio Liberty, “every day we go to weed cotton fields, spending 15,000 soums [approximately \$5.55 USD] of our own money” to cover the costs of transportation, food, and in some cases temporary housing.⁴³

In some cases teachers have actually been exempted from picking cotton so they can stay in their classrooms but are instead forced to pay for someone else to do this work. In a letter to Ozodlik, another teacher described the crippling cost to teachers of forced cotton work and payments:

I have worked as a teacher only one year but I have regretted my choice of profession already a thousand times. In the beginning of September, the refrain and reality is: Everyone to the cotton!...then came a new order: everyone to the cotton except teachers stay to conduct classes. This order meant that...teachers will pay for others to pick the cotton. I work at a high school in the Tashkent region. My wife is also a teacher. I get a salary of 600,000 soum (approximately \$200) and my wife’s salary is 300,000 (\$100). We cannot pay 1.2 million soum for my wife and me. It would be better for me to go to pick cotton, but the authorities accepted no excuses...The money was deducted from our salaries...Now as we approach the summer holidays, anyone who thinks that they will receive their full salary is mistaken. We already received a new order: pay 50,000 soums for weeding the cotton fields. What does the government think of us? We are powerless slaves always ready to do any kind of work?⁴⁴

Education System Used to Perpetuate Forced Labor System

The forced labor system permeates the entire system of education, from primary school, when pupils suffer a serious disruption in education through the forced mobilization of teachers, all the way through colleges, lyceums, institutes, and universities, when students, including children 16-17 years old, as well as their instructors are forced by the government to abandon their classrooms for up to two and a half months to pick cotton.

The Bank’s proposed Education Project would infuse nearly \$50 million dollars into an education system that is used to perpetuate the forced labor system in Uzbekistan and that suffers from the detrimental effects of that system. The Ministry of Education, which would be the Bank’s partner in the project, is complicit in perpetuating the crime of forced labor, as it requires teachers to abandon their pupils to pick cotton each year. The policy of forced mobilization of teachers comes from the top and is carried out by school directors and other administrators. The Bank should postpone lending for the proposed Education Project until forced labor is eliminated in Uzbekistan and teachers and students can use their class time for teaching and learning. It should incorporate safeguards in the project documents to ensure that teachers are not mobilized to pick cotton or forced to make payments for cotton work. Only then will the Bank’s resources be able to meet the Bank’s stated goal of increasing access to quality pre-primary education and improving conditions for better learning outcomes for students in secondary schools, and can the Bank be sure that it is not contributing to the crime of forced labor in contradiction of its mandate and international law.

⁴³ Interview with teacher in Akhangaran, May 13, 2014 to Radio Ozodlik, <http://www.ozodlik.org/content/article/25382939.html>, accessed June 7, 2014.

⁴⁴ Letter from a teacher in the Tashkent region to Radio Ozodlik, May 5, 2014, <http://www.ozodlik.org/content/blog/25381369.html>, accessed May 31, 2014.

Horticulture Project

The Uzbek-German Forum would like to draw the Bank's attention to the use of forced labor in the production of silk cocoons in Uzbekistan. Although the Horticulture Project's information document contends that the child and forced labor "tend to be limited to the cotton sector," in reality, forced labor is a central component to silk production in Uzbekistan.⁴⁵ Mulberry groves are cultivated to provide food for silkworms. The Bank must ensure that the resources of the Horticulture Project will not be used for mulberry cultivation, which is central to silk production and which would support the systematic forced labor in that sector. Before proceeding with any lending to support horticulture in Uzbekistan, the Bank should conduct thorough due diligence to understand the use of forced labor and coercion in silk production and incorporate safeguards to ensure that its resources will not be used to support forced labor.

Uzbekistan is a leading producer of silk cocoons, the majority of which are produced in the Fergana Valley. As an export product, silk comprises a vital source of hard currency for the government. In 2013, the Uzbek-German Forum conducted 50 interviews with people, mainly farmers, forced to work in silk production, and has drafted a forthcoming report on the use of forced labor in silk production in Uzbekistan.⁴⁶ Care of maintenance of silk worms is incredibly labor-intensive, usually requiring the participation of all members of a family, including children. During their growing season, silk worms must be fed several hundred pounds of mulberry leaves throughout the day and night. Production usually takes over several rooms of a family's home during the season.

Our research found that the government tightly controls silk production and that producers are subject to production quotas. The government imposes production quotas not only on farmers but also on agricultural institutes, rural schools, medical clinics, and other public institutions. According to the Uzbek Scientific Research Institute on Silk Production in Tashkent, the labor of at least two million people is required for the month of the silk cocoon production season.⁴⁷ Farmers and other producers receive silkworm larvae from the government and are required by law to sell any silk cocoons produced to the government at low government procurement prices.⁴⁸ The Uzbek-German Forum found that farmers and other silk producers are subjected to coercion and punitive measures to force them to produce silk cocoons and to meet production targets. Farmers who fail to meet production quotas face a range of sanctions including the loss of land. One farmer from Jizzakh who could not meet his production quota attempted to buy silk cocoons from other farmers so he could avoid sanction. When he could not find any cocoons to purchase he paid a bribe of 400,000 soum (approximately \$150 USD) to an official at the local hokimiyat to record that he fulfilled the quota.⁴⁹

⁴⁵ Project Information Document, Public Disclosure Copy, Report No. PIDA3989, Prepared/Updated April 18, 2014, p. 4, http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/ECA/2014/04/21/090224b0823f538a/1_0/Rendere d/PDF/Project0Inform0nt0Project000P133703.pdf, accessed June 4, 2014.

⁴⁶ "Forced Labor on the Silk Road: Human Rights Violation in the Production of Silk Cocoons in Uzbekistan," (draft report), the Uzbek-German Forum for Human Rights, forthcoming, 2014. A detailed overview of the findings is available upon request.

⁴⁷ "Forced Labor on the Silk Road: Human Rights Violation in the Production of Silk Cocoons in Uzbekistan," (draft report).

⁴⁸ Cabinet of Ministers of the Republic of Uzbekistan Decree No. 77, "On Measures to Strengthen the Mechanisms of Use of Silk Cocoons Produced in the Republic, March 4, 2000.

⁴⁹ "Forced Labor on the Silk Road: Human Rights Violation in the Production of Silk Cocoons in Uzbekistan," (draft report).

Farmers and state-funded organizations forced to produce silk cocoons receive very little compensation for this work. Numerous farmers and other producers told the Uzbek-German Forum that payments are often delayed, sometimes by several years, and that the government sometimes uses in-kind payments such as sewing machines, teapots, or carpets to compensate silk producers instead of money. In such cases of in-kind contributions, referred to by the government as “gifts,” documented by the Uzbek-German Forum, the producers had not agreed to the “gift” or in-kind payment and wanted money instead. Producers often hire additional labor to assist them during the intensive silkworm growing period and are required to pay these workers. Thus, silk cocoon production can leave farmers and other producers in debt.

One farmer told the Uzbek-German Forum:

I handed in “*Ipachki-1*” cocoons to the state post for accepting silk cocoons for a price of 6000 soum per kilogram [approximately \$2.20 USD]. But it’s all on paper. The government still hasn’t paid me for my work. I don’t even hope to get paid my money because this repeats, year after year. We are forced to produce silk cocoons but receive no compensation for our labor. A farmer can’t even receive that miserly amount for his work. In March, when the silkworm larvae are distributed we receive an advance of 10-15% of the contract amount. But the advance is entirely spent to cover expenses for cultivating the silkworms. After meeting the government quota, instead of worthy compensation for our work they give out offensive presents and photograph us for their newspapers. For example they give teapots, a thermos, or a rubber bucket. I must tell you, cultivating silk cocoons is offensive and humiliating for farmers.⁵⁰

Recommendations

The World Bank Group, as a specialized agency of the UN, must act in accordance with the UN Charter, which requires “[u]niversal respect for an observance of human rights for all.” In Uzbekistan, the Bank must not contribute resources that may directly or indirectly be used to support human rights abuses, including forced labor. In accordance with its mission, the World Bank Group should also ensure that its resources will be used to alleviate poverty and not support systems that exacerbate poverty in Uzbekistan. Specifically, the World Bank Group should:

- Postpone funding on the Karakalpakstan Project, the Education Project, and the Horticulture Project in Uzbekistan pending a full discussion of the human and labor rights issues raised and significant, concrete, and measurable steps by the government of Uzbekistan to eradicate the use of child and forced labor, coercion, and other abuses.
- Suspend any further action of the current projects pending final consideration of the Inspection Panel’s report over the RESP-II project and full implementation of action on the Panel’s recommendations.
- Publicly explain what actions were taken in response to the Inspection Panel’s report on RESP-II, their results, lessons learned, and how the lessons learned were incorporated into

⁵⁰ Ibid.

the Karakalpakstan project, Education Project, and Horticulture Project currently under discussion.

- Before proceeding with any lending to the education sector in Uzbekistan, incorporate safeguard policies to ensure that teachers and students will not be forcibly mobilized for cotton work or required to make mandatory payments in lieu of such work.
- Before proceeding with any lending to the horticulture sector in Uzbekistan conduct thorough due diligence to ensure that the Bank's resources will not be used to support forced labor in silk production or other areas.
- Explicitly incorporate human rights, including labor rights, standards into the Bank's safeguard policies on Uzbekistan.
- Explicitly incorporate transparency, and accountability of public finance standards into the Bank's safeguard policies on Uzbekistan.